

## NATIONAL TREASURY

NO. 709

26 JUNE 2020

PUBLIC FINANCE MANAGEMENT ACT, 1999  
(ACT NO 1 OF 1999 AS AMENDED)BORROWING POWERS OF WATER BOARDS LISTED UNDER SCHEDULE 3 PART B  
OF THE ACT

I, TITO TITUS MBOWENI, MINISTER OF FINANCE, acting in terms of Section 66(3)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999), hereby authorise the accounting authority of Mhlathuze Water to borrow money up to the limits as stipulated below:

MHLATHUZE WATER	
FINANCIAL YEAR	INTEREST-BEARING DEBT AMOUNT
Ending 30 June 2020	R184 million
Ending 30 June 2021	R223 million

These amounts reflect the maximum balance of interest-bearing debt the entity may have at any point in time during the relevant financial year and takes into account Mhlathuze Water's existing outstanding interest-bearing debt. This means that for as long as Mhlathuze Water has interest-bearing debt on its statement of financial position (or balance sheet), it is not allowed to exceed these limits. The authorisation expires on 30 June 2021 and a new authorisation will be considered upon expiry, provided Mhlathuze Water has borrowings recorded in its statement of financial position.

The borrowing authority is subject to the following conditions that have to be adhered to by Mhlathuze Water:

- A gearing limit of fifty per cent (50%) calculated as follows: interest-bearing debt relative to total equity;
- A minimum cash interest cover (CIC) ratio of three (3) times, calculated as follows: cash generated from operations (before changes in working capital) relative to finance costs;
- A minimum debt service cover ratio (DSCR) of one (1) time, calculated as follows: cash generated from operations (before changes in working capital) relative to the sum of finance costs and debt/capital repayments;
- Mhlathuze Water submits quarterly progress reports to the Asset and Liability Management division of the National Treasury on the Borrowing Programme and Funding Plan, including utilisation of the borrowing authority; and
- Mhlathuze Water submits quarterly reports to the Asset and Liability Management division of the National Treasury on the progress of major capital expenditure projects and the project plans for the upcoming 12 months. If there are any delays in the projects, the entity should provide reasons for such delays.



**TT MBOWENI, MP**  
**MINISTER OF FINANCE**  
**DATE: 28/05/2020**